Customer Services Meeting

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CUSTOMER
SERVICES
MEETING
25 MAY 92

Customer Services Meeting

Munich
25 May 1992

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Customer Services Programme—Europe

Customer Services Meeting

CECSP • 600 • 1992

Downsizing: Customer Services Perspective

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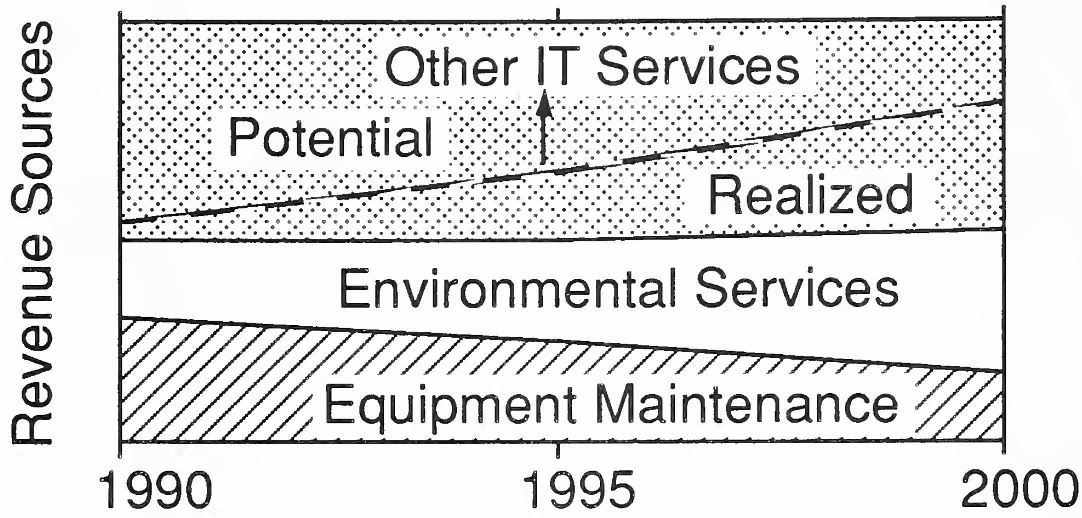
IT Customer Services



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Impact of Downsizing

- Maintenance squeezed
- Focus on SME/PME
- Desktop services

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Repositioning

- SI
- Business continuity
- Networks
- Human resources
- Cross-industry assimilation

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New Offerings

Percent of Business	Percent of Vendor Sample
≤10	50
11 - 20	25
21 - 25	8
26 - 40	17

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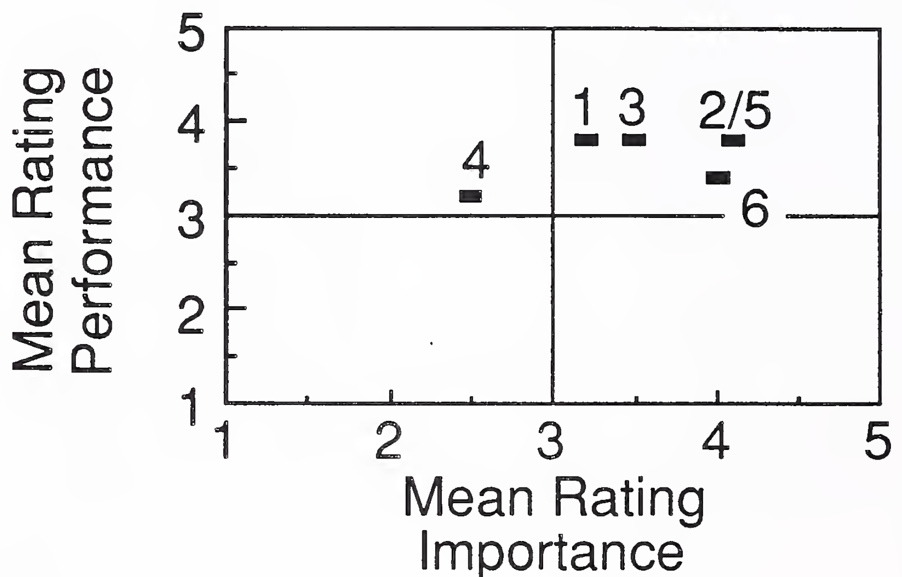
Performance vs. Importance



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Legend

1 = Planning & Design

2 = Network Services

3 = Software Services

4 = Human Resources

5 = Disaster Recovery

6 = Security Services

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Desktop Services

- One solution
- Open window
- Range of approaches

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Traditional Desktop

- PC supply
- Network/server
- PC/printer maintenance
- Installation
- Training

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New Services

- ASP supply/support
- Help desk selection/supply
- Problems management
- Planning/administration
- Network upgrades
- Application development

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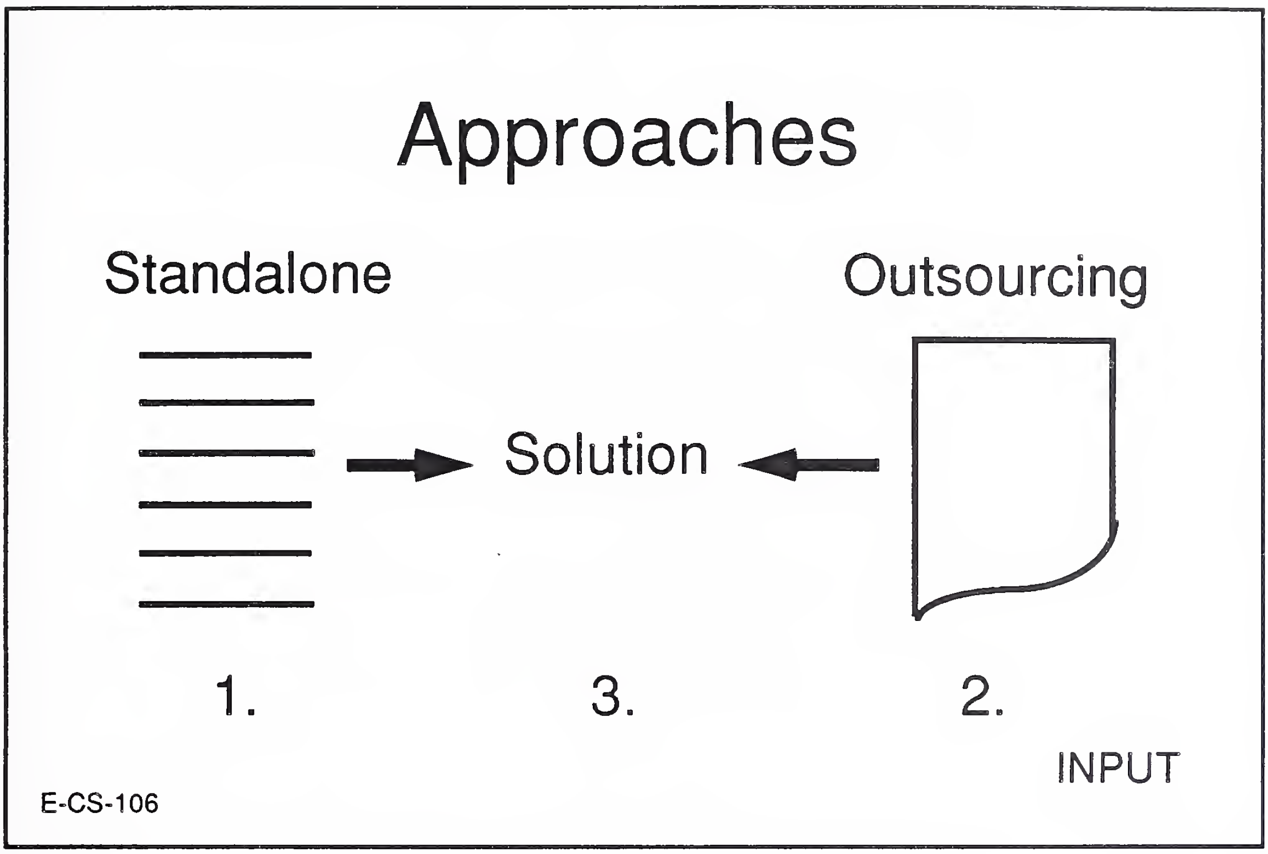
Approaches
Standalone
Outsourcing
Solution
1.
3.
2.
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Selection Criteria

- Network expertise
- Single supplier
- Up-to-date
- Independence
- Pan-European

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Digital's Service Offering

- Part of Bespoke Services
- 4 service lines
- Mix and Match
- Sales - Force
  - DECdirect

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Digital

Strengths	Weaknesses
• Name	- Hardware image
• Catalogue	- Confusing offerings
• Networking	- Impartial?
• I-stop	- Not highlighted
• Multivendor	

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Hewlett-Packard's Service Offering

- Standard contracts
- Multivendor—includes 3rd-party software
- Consultancy/customisation
- Specialist groups

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Hewlett-Packard

Strengths	Weaknesses
• Premier on support	- Differentiated
• Tailored contracts	- Technical orientation
• Strong networking	- Weak SO
• Support for Oracle, Ingres, etc.	
• Own & multivendor	

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PrimeService's Service Offering

- Network planning/design
- Single-source 'Desktop'
- Standard supply/maintenance
- Multivendor 'One-Call'

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PrimeService

Strengths	Weaknesses
• Software skills	- Specialist
• Integration skills	- Technical
• Networking	- Commercial
• Multivendor	- Marketing clout
	- Weak SO

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Computeraid Service Offering

- Blank paper
- Selective large contracts
- Learn on the job

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Computeraid

Strengths	Weaknesses
• PC hardware maintenance	- ASP skills
• Help desk skills	- Maintenance culture
• Financial	- Selling to end users
• Clear strategy	

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Data Logic Service Offering

- Branded product/service
- Mix and match
- Installed base
- Pan-European intention

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Data Logic

Strengths	Weaknesses
• International	- Uneven
• Skills mix	- ASP skills
• Focussed service line	- Pan-European(?)
• Independent	

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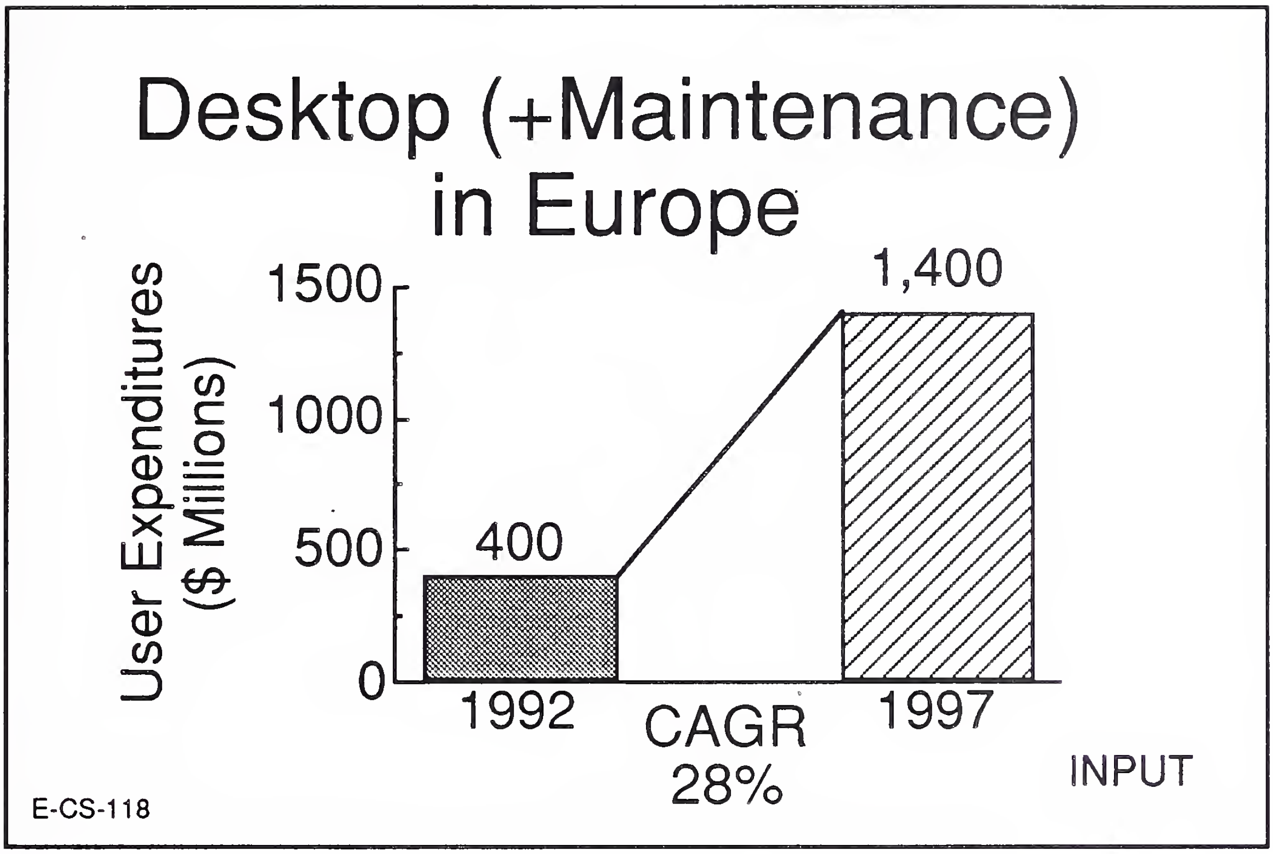
Desktop (+Maintenance)
in Europe
User Expenditures
($ Millions)
1500
1000
500
0
400
1,400
1992
CAGR
28%
1997
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Equipment Suppliers

Strengths	Weaknesses
• Expertise	- Product oriented
• Large IBs	- Resources
• Financial	- Channel contention
• CS organisation	- Slow to change
	- Not impartial

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IMOs

Strengths	Weaknesses
• PC expertise	- Financial
• Incentive	- Software skills
• Independent	- Maintenance cultures

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Recommendations

- Strategic repositioning
- Acquire key skills
- Position migration

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Environmental Services

A German-Focused Update

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Environmental Services

Key Findings

- Equipment vendor portion of German market growing at a
  % CAGR
- Integrating systems and workplace technology is key driving force

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Competitive Environment

Fragmented Market

- Equipment vendors
- Independent vendors
- Building/construction companies

↔

- Technology driven
- Business driven
- Non-computer elements

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Environmental Services

Key Findings

- Need for vendor service not identified by 45% of users
- Market fragmentation is a key issue

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Market Segmentation

New Customer Services	
Professional Services	Environmental Services

- Consultancy
- Design
- Project mgmt.
- Implementation

- Computer room
- Cabling
- Power
- Installation

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Market Challenges

	Market (%)
Need for missionary marketing →	45
Potential growth sector →	15
Current market penetration →	40
All users →	100

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Environmental Services

Market Drivers

- Rationalisation
- Growth of workplace technology
- Need to integrate systems
- User outsourcing trends

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Environmental Services

Market Inhibitors

- Use of in-house resources
- Downsizing
- Lack of user awareness
- Standards—too many/too few

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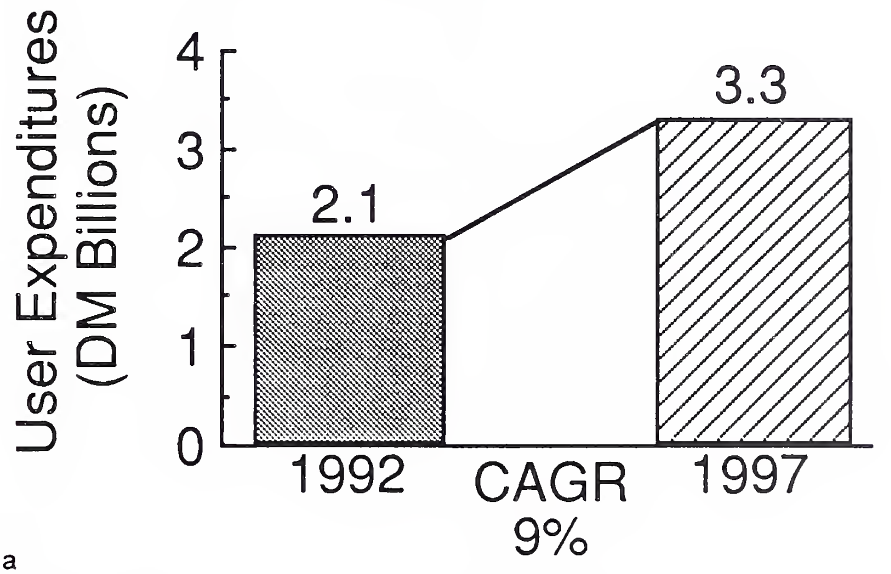
Environmental Services, Germany

Market Growth



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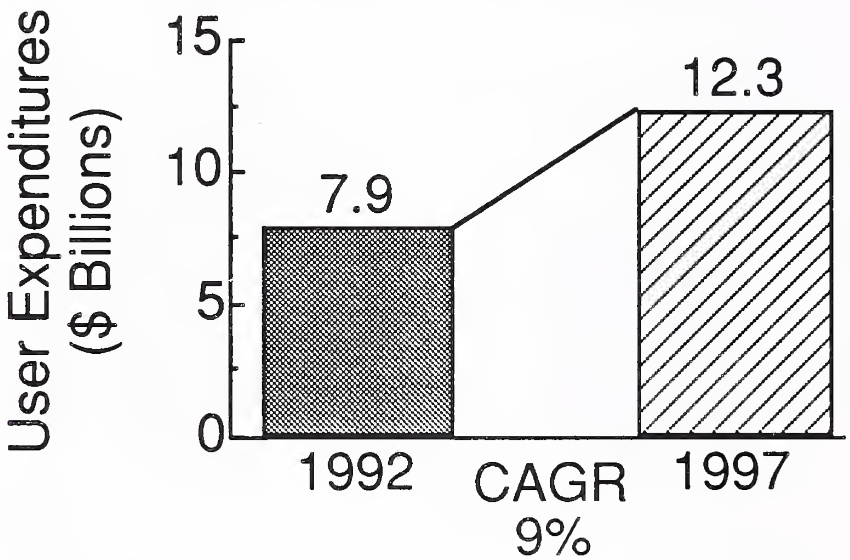
Environmental Services, Western Europe

Market Growth



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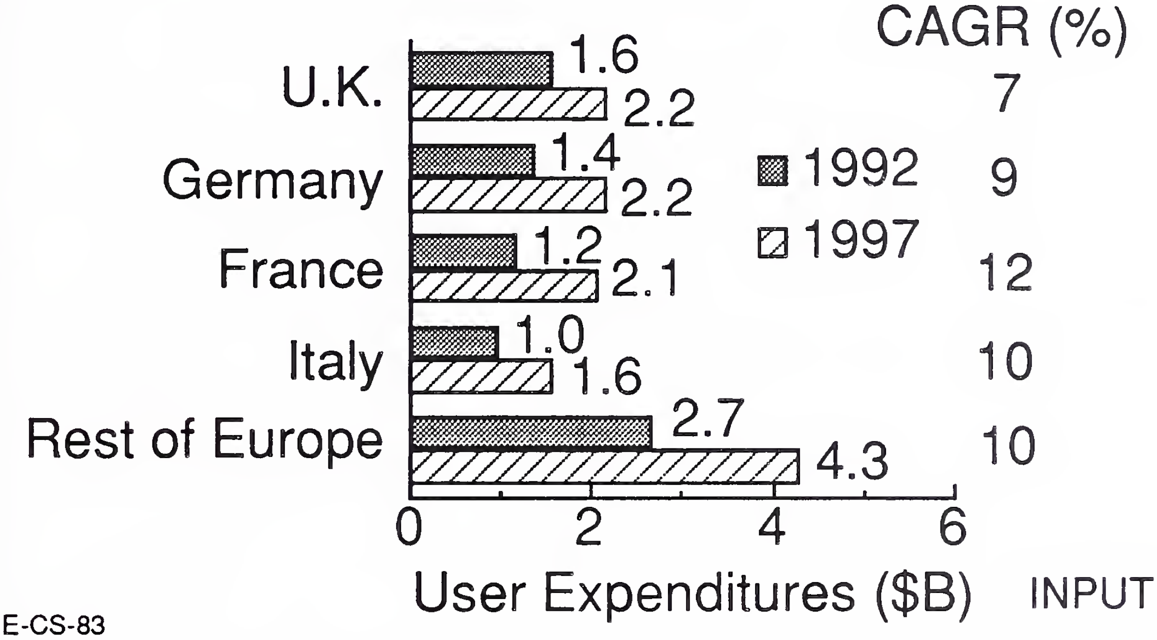
Country Market Growth



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Professional and Environmental Services

- ▨ Nonenvironmental services (i.e., prof. services) with "industry vendors"
- ▩ Environmental services with "industry vendors"
- ☐ Environmental services with "non-industry vendors"

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Opportunities—I

System Range	Users Requiring Vendor Service (Percent)
Large Systems	10
Medium Systems	18
Small Systems	17

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Opportunities—II

Country Market	Users Requiring Vendor Service (Percent)	Level of Interest
1. France	24	Medium
2. Germany	31	Low
3. Spain	14	High

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Opportunities—III

Industry Sector	Users Requiring Vendor Service (Percent)	Level of Interest
1. Distrib.	25	Medium/High
2. Gov't.	23	High
3. Transp.	21	Medium/Low

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Opportunities—IV

Vendor Installed Base	Users Requiring Vendor Service (Percent)	Level of Interest
1. Digital	20	Medium/High
2. IBM	14	Medium/Low
3. HP	15	Low
4. ICL	18	Medium

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Vendor Perspective

- Building inadequacy
- Workplace technology
- Competitive market
- Fragmented market
- Lack of standards
- User-installable equipment

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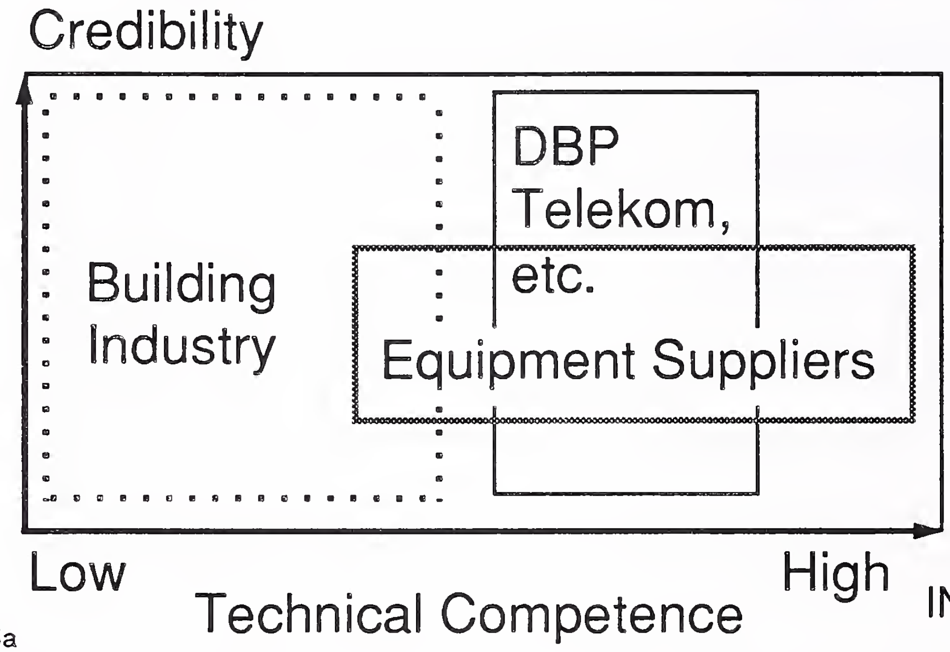
Vendor Positioning



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IBM: Strengths and Weaknesses

Strengths	Weaknesses
Expertise	Cumbersome
Cabling system	Software
Credibility	Structures
Financial strength	Third-party relationships
Alliances	
Marketing	

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Digital: Strengths and Weaknesses

Strengths	Weaknesses
Size and coverage	Lack of perceived indep.
Network expertise	Confusion over role
Building focus	Large enough to be threatening
Project management	CSO contention
Alliances	

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Systems Vendor: Strengths and Weaknesses

Strengths	Weaknesses
Growth	Spread too thin
Vertical marketing	Product orientation
Open systems	Management of alliances
Desktop emphasis	Not targeting

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Telekom: Strengths and Weaknesses

Strengths	Weaknesses
Size	Fragmented approach
Presence	Voice rather than data
Networking expertise	Marketing
	Image

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Specialist Consultants: Strengths and Weaknesses

Strengths	Weaknesses
Independent	Small
Specialist/professional	Limited scope
Networking	High-tech image
Project managers	Marketing

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Professional Services Vendor: Strengths and Weaknesses

Strengths	Weaknesses
Design and build	Small
Network expertise	Limited scope
Open interoperability	Dangerous middle ground
Alliances	OEM contention

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Building Technical Services: Strengths and Weaknesses

Strengths	Weaknesses
Range of expertise	Smaller mostly
Traditional image	Limited finance
Vertical marketing	Need alliances
Independent	Limited project size

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Primary Opportunities

- One-stop shopping
- Providing the cement
  - Project management
- Productivity

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